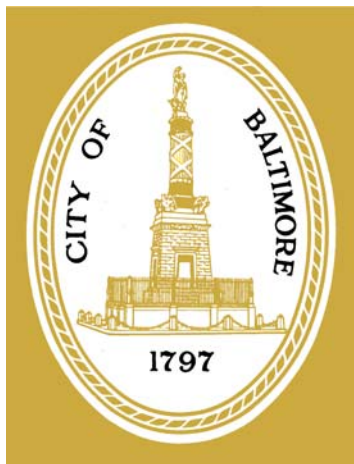


# **PERFORMANCE AUDIT REPORT**

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## **BALTIMORE CITY FIRE DEPARTMENT BUREAU OF EMERGENCY MEDICAL SERVICES EMERGENCY MEDICAL SERVICES BILLINGS FEBRUARY 2004**

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City of Baltimore  
Department of Audits

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## CITY OF BALTIMORE

MARTIN O'MALLEY, Mayor



## DEPARTMENT OF AUDITS

YOVONDA D. BROOKS, CPA  
City Auditor

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February 2, 2004

Honorable Joan M. Pratt, Comptroller  
And Other Members of the Board of Estimates  
City of Baltimore

We have conducted a performance audit of the procedures related to the billing of Emergency Medical Services (EMS) used by the Baltimore City Fire Department – Bureau of Emergency Medical Services. The purpose of our audit was to determine the adequacy of the policies and procedures for the billing and the related collections for services related to emergency medical care and transportation services. This report conveys the results of our audit.

### **BACKGROUND:**

The Baltimore City Fire Department (BCFD) – Bureau of Emergency Medical Services (Bureau) was provided the authority by City Charter to establish, operate and maintain emergency response medical care and emergency transportation to medical facilities. The Bureau's primary and most visible function is to provide emergency pre-hospital care on site and to transport patients to the hospital. A medical emergency (life or death situation) requires the use of skills and equipment to rapidly correct life threatening situations in the field prior to arriving at the hospital. The Bureau is staffed with a group of well-trained paramedics, dispatchers and administrative personnel who receive regular training to enhance their skills. With a workforce of approximately 196 and an annual operating budget of \$14,157,718 during fiscal year 2003, the Bureau responded to approximately 126,261 life threatening calls which resulted in 82,453 transports to a medical facility.

When a medical emergency call results in a transport to a medical facility, the City of Baltimore assesses a user fee. These fees are based on information received at the time of transport by the ambulance crew and recorded in the Maryland Ambulance Information System Form (MAIS). This form becomes the basis on which the EMS bill is prepared. The information received at the time of the patient's transport is sometimes incomplete and requires research by the Bureau's Billing Section staff with the local hospitals to obtain the proper information to bill for services rendered. During fiscal year 2003, 77,739 patients were billed for emergency medical services, and 38,775 bills were collected in whole or part. Total revenue collected for emergency medical services during the fiscal year totaled \$8,965,705.

## **OBJECTIVE, SCOPE AND METHODOLOGY:**

The objective of this audit was to determine if the City's policies and procedures were adequate to ensure that patients were properly charged for emergency medical care and transportation and that billings and collections were properly recorded in the accounting records. This audit was conducted in accordance with *Government Auditing Standards* related to performance audits, issued by the Comptroller General of the United States and, accordingly, included such tests of the records and such other auditing procedures we considered necessary in the circumstances.

To accomplish our objectives, we obtained and documented our understanding of the policies, procedures, and controls related to EMS billings and fee collections. We also tested internal controls to determine whether they were functioning properly during the audit period. Our examination covered the period from July 1, 2002 through October 31, 2003.

The scope of this audit did not include the review of any medical information protected under the Health Insurance Portability and Accountability Act of 1996 (HIPPA).

## **AUDIT RESULTS:**

Our audit disclosed that billing forms were not adequately controlled, that billing write-offs were not properly documented, and that modification access to the billing system was not adequately restricted and monitored.

### **Finding #1**

**The forms used to process EMS billings were not counted and controlled to ensure that all forms received from the Medic Units were billed or determined not billable.**

### **Analysis**

The MAIS forms used to process EMS billings were not counted and controlled to ensure that all forms received from the Medic Units were billed or determined not billable. BCFD Headquarters received the MAIS forms from all of the Medic Units without counting the forms for control purposes. After scanning, separating and sorting the forms into transport and non-transport, all transport forms were forwarded to the Billing Section. In the Billing Section, the forms were categorized into homeless, dead on arrival (DOA), and Fire/Police personnel. Line of duty transports for Fire and Police Department were not billed. The forms were checked for completeness of pertinent insurance information, service coded and further sorted by type of insurance and distributed to billing staff for processing. Incomplete tickets were assigned to staff responsible for follow-up calls to clients, hospitals and insurance companies. Once processed, the forms were shredded in accordance with HIPPA requirements.

Since the MAIS forms were not counted when initially received at Headquarters, there is no assurance that all billable forms were actually processed. This condition could potentially result in a loss of revenue for the City.

### **Recommendation**

**We recommend that the Bureau account for the MAIS forms received by Headquarters and ensure that the forms are processed as bills or determined to be unbillable. The Billing Section should agree its count with the count of Headquarters and reconcile the total count to the number of forms that are processed and the number of forms classified as non-transports, Fire/Police personnel, or incomplete data.**

**Finding #2**

**The Bureau did not have a written policy for the write-off of EMS bills. Authorizations for adjustments and/or abatements of bills were not evidenced by signature and the reasons for adjustments and abatements were not consistently documented.**

**Analysis**

The Bureau did not have a written policy for the write-off of EMS billings. Authorizations for adjustments and/or abatements of bills were not evidenced by signature and the reasons for the adjustments and abatements were not consistently documented. The Bureau adjusted and/or abated bills totaling \$66,067 during fiscal year 2003. During October 2003, 25 bills totaling \$3,579 were either adjusted or abated. Our testing disclosed that 21 of these bills did not have documented reasons for the adjustment and/or abatement. In addition, none of the 25 bills had signatory evidence indicating review and authorization of the adjustments and/or abatements. Established written policy would provide guidelines for the documentation and approval of write-offs.

**Recommendation**

**We recommend that the Bureau establish policies and procedures that address the write-off of EMS bills. At a minimum these policies and procedures should define acceptable reasons for the adjustments and/or abatements of the bills, and establish clear lines of responsibility for the review and approval. We also recommend that the Bureau maintain adequate documentation that supports the reasons for adjusted or abated bills.**

**Finding #3**

**Modification access to the EMS billing system should be reviewed, updated and restricted to users whose job responsibilities require such access.**

**Analysis**

Modification access to the EMS billing system should be reviewed, updated and restricted to users whose job responsibilities require such access. The three main functions of the EMS billing system are billing, collection and adjustments/abatements and they are segregated and handled by three departments, the Bureau, Department of Finance – Collections, and Department of Finance – Accounting Operations, respectively. Although segregation of each function has been obtained departmentally, we found 47 City employees whose modification access to these data files may be unnecessary, not restricted within each function and not monitored. As a result, erroneous or improper changes could be made to these files without detection.

**Recommendation**

**We recommend that the Bureau in conjunction with the Department of Finance – Collections and Department of Finance - Accounting Operations review, update and restrict usage to ensure that modification access to critical data files is granted only to users whose job responsibilities require such access and ensure that such access is recorded for security reporting purposes.**


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The Fire Department – Bureau of Emergency Medical Services’ response to our audit is included as an attachment to this report.

We appreciate the cooperation and assistance provided by the staff members of the Fire Department – Bureau of Emergency Medical Services and the Department of Finance.

Respectfully submitted,

Yovonda D. Brooks, CPA  
City Auditor

NAME & TITLE	James M. Fischer, Chief of Fiscal Services II	CITY of BALTIMORE <b>MEMO</b>	
AGENCY NAME & ADDRESS	Baltimore City Fire Department 414 N. Calvert Street		
SUBJECT	Audit Report – EMS Billing Response to Report		

TO

DATE:

Ms. Yovonda D. Brooks, City Auditor  
Department of Audits, 321 City Hall  
Baltimore, Maryland 21202

January 26 2004

We have reviewed the Audit Report that was forwarded with your memo dated January 13, 2004 and we have discussed the report with your staff and internally. The following is our response to the concerns raised in the audit.

1. **Finding #1 - The forms used to process EMS billings were not counted and documented to ensure that all forms received from the Medic Units were billed or considered not billable.**

While this does not appear to be a material weakness in the current paper system that is used to record the patient information, the BCFD recognizes that an improvement is needed. The current system does not have a check and balance on the forms related to the dispatches that are made and the transports of patients resulting in those responses that are made by EMS staff. We have discussed this issue with the EMS Division and the Fire Information Technology and Communications Division. Unfortunately there is no clear way to account for every form that is filled out electronically. Currently we are in the development stage of an electronic MAIS form that will be used in the field by our EMS staff. Until that system is running and tested, we will incorporate certain procedures that can account for the number of MAIS reports that should be in the system. When that system is put into service the City Auditor can review the operation with the requirements for accountability of the number of patients transported versus the number of billings made.

Under discussion is the daily recording of the number of forms that are turned in by EMS staff to the EMS supervisors on their daily report. This number can be rolled up electronically to create total numbers per day that are turned in and can be checked off by the EMS supervisor. Secondly, our Fire Communications is discussing a way to record the number of transports that are made and the possibility of recording it in the Computer Aided Dispatch (CAD) System. The results will be able to be queried out of our Records Management Server (RMS) in a special report that could be configured down to the Medic Unit per day and compared to the daily number that is being recorded by the EMS staff. The use of the RMS system at this time is still in an implementation and test stage by the Fire Information Technology office.

2. **Finding #2 - EMS did not have a written policy for the write-offs of EMS bills. Authorizations for adjustments and/or abatements of bills were not evidenced by signature and the reasons for adjustments and abatements were not consistently documented.**

We concur with your findings and are in the process of writing a policy and procedure listing for the write-off or abatements and adjustments that are made for EMS billing. This will include a review of the documentation procedures that are utilized for each situation. We have prepared a tentative list of abatements and the procedure that will be reviewed for adoption.

The overall abatement of billings in the system will be reviewed with City Finance, Treasury Management and the Bureau of Collections to see if there is a statute of limitations on the number of years that we should carry an open account on the records before it is written-off due to non payment. Currently it is not the policy of the City to dun any patient for payment after a third bill is rendered.

3. **Finding #3 – Modification and access to the EMS billing system should be reviewed, updated and restricted to users whose job responsibilities require such access.**

BCFD regularly reviews the users that we have approved internally that access the billing system to make sure that we are restricting usage to the proper personnel, especially in light of the recent changes in the laws surrounding individual privacy. We agree with your recommendations and will request that the entire list of user access be reviewed by the other managers in the Department of Finance, have them sign off periodically after their review and send it to both BCFD and MOIT for verification and security reasons.

In conclusion please include our responses into the final version of your audit report and we appreciate the candor and professionalism that has been displayed by your staff in conducting this audit. If you or your staff has any questions or concerns with our response please feel free to contact me on 410-396-3092.

CC: Chief William Goodwin, Jr., Chief of the Fire Department  
Chief Antonio Thomas, Deputy Chief of Administration  
Chief Frank Snyder, Deputy Chief of Operations  
Chief Wade Gaasch, EMS Division Chief  
Chief Arthur Cate, Information Technology Division Chief  
Chief Lloyd Carter, EMS Battalion Chief  
Mr. Clem Ruley, Audit Manager  
Mrs. Sue Brown, EMS Billing Manager  
Mrs. Elizabeth Jenkins, Accounting Manager